

Message Text

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PAGE 01 MAPUTO 00310 280930Z

ACTION XMB-04

INFO OCT-01 AF-08 ISO-00 EB-08 /021 W
-----281102Z 006070 /20

R 280730Z MAR 77

FM AMEMBASSY MAPUTO

TO SECSTATE WASHDC 5619

UNCLAS MAPUTO 0310

E.O. 11652: N/A

TAG: EFIN, XMB, MZ

SUBJECT: EXIMBANK GUARANTEE DEFAULT NO. D-9917/G-25-114

SOCIEDADE TECHNICA DE EQUIPAMENTOS INDUSTRIAIS E AGRICOLAS,
LTDA (STEIA), MAPUTO

REF: (A) STATE 035283; (B) 064434

1. EMBASSY HAS BEEN PURSUING DEFAULT WITH REGIONAL CATERPILLER
REPRESENTATIVE OF SOUTH AFRICA AND BANKS OF MOZAMBIQUE. AT
REQUEST OF JACK BOWERS, CATERPILLER AREA SALES REPRESENTATIVE, EMBASSY

AGREED NOT RAISE ISSUE WITH STEIA UNTIL CATERPILLER FINANCIAL
OFFICER IN GENEVA, SWITZERLAND COULD BE CONTACTED. ON MARCH
22 AND 23, BOWERS AND CATERPILLAR FINANCIAL REPRESENTATIVE
KARL KUNER DISCUSSED DEFAULT WITH STEIA ADMINISTRATORS.
SUBJECT LOAN, AND OTHERS FROM AMERICAN BANKS AND GUARANTEED
BY EXIM, WERE DISCUSSED. DOCUMENTATION NECESSARY TO EFFECT
PAYMENT WAS FORWARDED TO BANK OF MOZAMBIQUE, AND EMBOFF WAS
INFORMED MARCH 25 BY STEIA ADMINISTRATOR ALEXANDER CORREIA
THAT BANK OF MOZAMBIQUE HAS APPROVED PAYMENT, PAYMENT SHOULD
BE RECEIVED WITHIN TWO WEEKS.

2. IN RESPONSE PARA (2) AND (3) REFTEL (A), GPRM HAS BEEN
INVOLVED IN STEIA OPERATIONS FOR APPROXIMATELY ONE AND ONE
HALF YEARS, (SEPTEMBER 1975). ORIGINAL OWNERS/MANAGERS
LEFT COUNTRY, AND GPRM APPOINTED AN ADMINISTRATIVE COMMISSION
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UNDER AUTHORITY OF GPRM MINISTRY OF INDUSTRY AND COMMERCE
TO MANAGE COMPANY. FIRM HAS NOT BEEN FORMALLY NATIONALIZED,
ALTHOUGH THIS MAY HAPPEN LATER THIS YEAR. FIRM
CONTINUES SALES AND SERVICE OF CATERPILLAR AND OTHER
EQUIPMENT. GPRM APPARENTLY STANDS BEHIND STEIA, SINCE
COMPANY IS SOLE AGENT WHICH CAN MAINTAIN COUNTRY'S LARGE
QUANTITY OF CATERPILLAR EQUIPMENT. AT PRESENT, CATERPILLAR

COMPANY SUPPORTS STEIA, AND HAS TOLD STEIA IT WILL CONTINUE TO BE ITS AGENT AS LONG AS IT CAN SATISFY CATERPILLAR STANDARDS. LIKE MOST OTHER COMPANIES IN MOZAMBIQUE, STEIA SUFFERS FROM SEVERE SHORTAGE OF MANAGERIAL AND TECHNICAL TALENT, BUT SEEMS TO BE COPING. DEFAULT PROBABLY OCCURRED BECAUSE OF LEAVING OF ORIGINAL OWNERS, AND CONFUSION CAUSED BY LACK OF EXPERIENCE OF SOME MEMBERS OF ADMINISTRATIVE COMMISSION. SIMILAR CONFUSION IN MOZAMBIQUE BANKING SYSTEM PROBABLY ALSO CONTRIBUTED. ASSISTANCE GIVEN BY CATERPILLAR PEOPLE AND BANK OF MOZAMBIQUE AFTER EMBASSY RAISED ISSUE APPEARS TO HAVE RESOLVED PAYMENT PROBLEM.

3. BOWERS AND KUNER STATED THAT OTHER CATERPILLAR OFFICIALS WOULD BE IN TOUCH WITH EXIMBANK SHORTLY TO REVIEW SITUATION IN MORE DETAIL. DE PREE

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